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COMMONWEALTH OF VIRGINIA
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STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 24, 2000

APPLICATION OF

WASHINGTON GAS LIGHT COMPANY

CASE NO. PUE000407

For approval of special
rates pursuant to
Va. Code § 56-235.2

ORDER FOR NOTICE AND HEARING

On July 28, 2000, Washington Gas Light Company ("Washington Gas" or "Company") filed an application for approval of special rates pursuant to § 56-235.2 of the Code of Virginia. The Company seeks approval of special Area Development Rate ("ADR") charges that would apply to all customers receiving natural gas service within the boundaries of a certain defined geographic area in the Company's certificated service territory within the Dulles South Planning Area in Loudoun County (the "ADR area"). Natural gas is currently not available in the ADR area.

Washington Gas states in its application that the purpose of the proposed ADR charges is to provide the Company with a method to recover from customers in the ADR area the excess of the life cycle cost of facilities installed to provide natural gas service within the ADR area over the life cycle revenues from such service, other than by lump sum payment as provided

under existing General Service Provision No. 14 of the Company's tariff. According to the Company's application, the life cycle cost of facilities, including a gate station, transmission pipeline and on-site mains and equipment, required to provide natural gas service within the ADR area substantially exceeds the life cycle revenues anticipated from all customers within the ADR area.

According to the Company, this excess of cost over revenue is based in part on the substantial amount of infrastructure required to provide service in the ADR area, as well as on the cost of construction within the ADR area which is anticipated to be higher than the historic average cost due to unusually rocky conditions underlying the area. In its application, Washington Gas states that, absent the proposed ADR charges, the Company likely would not be able to extend natural gas service into the ADR area because of the high cost of the facilities required to extend such service relative to the revenue stream derived through such facilities. In addition, the Company cites the extended length of time required for the build-out of homes and commercial establishments in the ADR area. Washington Gas anticipates that more than 17,500 new homes and 6.4 million square feet of commercial space will be constructed within the ADR area over the next 20 years.

The Company plans to collect a portion of the line extension charge, in accordance with its tariff, from developers or builders in advance of construction of gas facilities to serve each customer. Washington Gas proposes to assess "lot charges" to developers or builders as follows: Single-Family Detached, \$300; Townhouse, \$180; Individually-Metered Apartment (per meter), \$90; and Non-Residential Customers (per meter), \$600. Washington Gas proposes to collect from each customer subsequently receiving service within the ADR area a monthly surcharge as follows: Single-Family Detached, \$12.60; Townhouse, \$7.80; Individually-Metered Apartment, \$6.30; Group Metered Apartment, \$41.40; Commercial and Industrial, \$41.40; and All Interruptible Services, \$41.40.¹ The ADR charges would apply for a term of 20 years, beginning when natural gas service is commenced to the first customer within the ADR area. The ADR charges would terminate for all customers after 20 years, unless terminated sooner because the applicable capital costs are recovered more quickly than anticipated. The terms may be extended by the Commission at the request of the Company.

As required by the Commission's Guidelines for Filing an Application to Provide Electric and Gas Service under a Special Rate, Contract or Incentive ("Guidelines"), 20 VAC 5-310-10,

¹ A customer also would have the option of paying off, in a lump sum payment, the present value of the ADR, discounted at the Company's currently authorized return on equity of 11.5%.

Washington Gas filed information required to support the proposed special rates as Attachment 6 to the application.

Upon review of the application, it appears that Washington Gas has complied with the Guidelines and that this matter should be docketed for hearing after notice to all affected parties.

Accordingly, IT IS ORDERED THAT:

(1) This application shall be docketed and assigned Case No. PUE000407.

(2) A public hearing before a Hearing Examiner is hereby scheduled on this application beginning at 10:00 a.m. on November 8, 2000, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia for the purpose of receiving evidence relevant to the Company's application.

(3) As provided by § 12.1-31 of the Code of Virginia and Rule 7:1 of the Commission's Rules of Practice and Procedure ("the Rules"), 5 VAC 5-10-250, a Hearing Examiner shall be assigned to conduct further proceedings on behalf of the Commission.

(4) Copies of the application and other materials filed in this matter shall be made available for inspection in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond,

Virginia, Monday through Friday, between the hours of 8:15 a.m. and 5:00 p.m.

(5) Washington Gas shall provide to interested parties copies of the application upon request made to its counsel, Donald R. Hayes, Senior Attorney, Washington Gas Light Company, 1100 H Street, N.W., Washington, D.C. 20080.

(6) On or before September 15, 2000, Washington Gas shall complete publication of the following notice as display advertising (not classified), once a week for two consecutive weeks, in newspapers of general circulation throughout the ADR area in Loudoun County:

NOTICE TO DEVELOPERS AND BUILDERS
CONSTRUCTING OR INTENDING TO CONSTRUCT
PROPERTY WITHIN THE DULLES SOUTH PLANNING
AREA IN LOUDOUN COUNTY AND PROSPECTIVE
PURCHASERS OF DEVELOPED REAL ESTATE THEREIN

APPLICATION OF WASHINGTON GAS LIGHT COMPANY,
FOR APPROVAL OF A SPECIAL AREA DEVELOPMENT
RATE IN LOUDOUN COUNTY
CASE NO. PUE000407

On July 28, 2000, Washington Gas Light Company ("Washington Gas" or "Company") filed an application with the State Corporation Commission ("Commission") for approval of special rates pursuant to § 56-235.2 of the Code of Virginia.

The Company seeks approval of area development rate ("ADR") charges that would apply to all customers receiving natural gas service within the boundaries of a certain defined geographic area in the Company's certificated service territory within the Dulles South Planning Area in Loudoun County

(the "ADR area"). Natural gas service is not currently available in the ADR area.

Washington Gas states in its application that the proposed charges would allow the Company to recover from customers the difference between the life cycle cost of facilities installed to provide natural gas service within the ADR area and the life cycle revenues from providing such service. The Company states that the cost of the facilities exceeds the revenues anticipated from customers because of the amount of infrastructure required to provide natural gas service throughout the ADR area, the cost of construction within the ADR area is anticipated to be higher than the historic average cost based on unusually rocky conditions underlying the area, and the time required for the build-out of homes and commercial establishments in the ADR area is extensive.

The Company plans to collect a portion of the cost in accordance with its tariff from developers or builders in advance of construction of gas facilities to serve each customer. "Lot charges" are proposed to be assessed on developers or builders as follows: Single-Family Detached, \$300; Townhouse, \$180; Individually-Metered Apartment (per meter) \$90; and Non-Residential Customers (per meter), \$600. From each customer subsequently receiving service within the ADR area, Washington Gas proposes a monthly surcharge as follows: Single-Family Detached, \$12.60; Townhouse, \$7.80; Individually-Metered Apartment, \$6.30; Group Metered Apartment, \$41.40; Commercial and Industrial, \$41.40; and All Interruptible Services, \$41.40. These charges would terminate at the expiration of a term of twenty (20) years beginning when natural gas service is commenced to the first customer within the ADR area, unless terminated sooner because the applicable capital costs are recovered more quickly

than anticipated, or unless extended by the Commission at the request of the Company.

A copy of the Company's application and supporting documents including a description of the boundaries and a map depicting the proposed ADR area are available for public inspection in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, Monday through Friday, between the hours of 8:15 a.m. and 5:00 p.m. Interested persons also may request copies from counsel for Washington Gas, Donald R. Hayes, Senior Attorney, Washington Gas Light Company, 1100 H Street, N.W., Washington, D.C. 20080.

A public hearing on the application shall be convened before a hearing examiner on November 8, 2000, at 10:00 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia.

Any person desiring to comment in writing on the application may do so by directing such comments to the Clerk of the Commission at the address set forth below. Comments should be received no later than October 6, 2000. Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's second floor courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself as a public witness to the Commission's Bailiff.

Any person who expects to submit evidence, cross-examine witnesses, or otherwise participate as a protestant pursuant to Rule 4:6 of the Commission's Rules of Practice and Procedure should promptly obtain a copy of the Order for Notice and Hearing entered herein from the Clerk of the Commission for complete details

of the procedural schedule and instructions on participation in this case.

Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing date at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

All written communications to the Commission concerning the Application should be directed to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and must refer to Case No. PUE000407.

WASHINGTON GAS LIGHT COMPANY

(7) On or before September 15, 2000, Washington Gas shall serve a copy of this Order for Notice and Hearing upon the Chairman of the Board of Supervisors of Loudoun County. Service shall be made by first-class mail or hand-delivery to the customary place of business or residence of the person served.

(8) On or before September 18, 2000, Washington Gas shall file with Joel H. Peck, Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of any additional direct testimony and exhibits that the Company intends to present in support of the application during the hearing to be convened on November 8, 2000.

(9) On or before September 22, 2000, any person desiring to participate in this proceeding as a protestant, as defined in

Rule 4:6 of the Rules, 5 VAC 5-10-180, shall file with the Clerk of the Commission an original and fifteen (15) copies of a notice of protest, as required by Rule 5:16(a) of the Rules, 5 VAC 5-10-420 A, and shall simultaneously serve a copy on counsel for Washington Gas at the address identified in Paragraph (5) above. Any corporate entity that wishes to submit evidence, cross-examine witnesses, or otherwise participate as a protestant must be represented by legal counsel in accordance with the requirements of Rule 4:8, 5 VAC 5-10-200.

(10) Within 5 days of receipt of a notice of protest, Washington Gas shall serve upon each person filing such notice a copy of all materials now or hereafter filed by the Company with the Commission pertaining to this proceeding.

(11) On or before September 29, 2000, Washington Gas shall file with the Clerk of the Commission proof of the newspaper publication directed in Ordering Paragraph (6) above, and a certificate of service of a copy of this Order for Notice and Hearing as directed in Ordering Paragraphs (7) above.

(12) On or before October 6, 2000, any person desiring to comment in writing on Washington Gas' application may do so by directing such comments to Joel H. Peck, Clerk of the Commission at the address set forth in Paragraph (8) above. Such comments shall refer to Case No. PUE000407. Any person desiring to make a statement at the public hearing concerning the application

need only appear in the Commission's Second Floor Courtroom at 9:00 a.m. on the day of the hearing and identify himself or herself to the Bailiff.

(13) On or before October 6, 2000, each protestant shall file with the Clerk of the Commission an original and fifteen (15) copies of its protest, as required by Rule 5:16(b), 5 VAC 5-10-420 B, and an original and fifteen (15) copies of the testimony and exhibits that the protestant intends to present in support of its protest at the November 8, 2000, hearing. The protest shall set forth: (i) a precise statement of the interest of the protestant in the proceeding; (ii) a full and clear statement of the facts which the protestant is prepared to prove by competent evidence; and (iii) a statement of the specific relief sought and the legal basis therefor. Service simultaneously shall be made on counsel for Washington Gas at the address identified in Paragraph (5) above, and on all other parties and Commission Staff.

(14) The Commission Staff shall investigate the application and, on or before October 23, 2000, shall file with the Clerk of the Commission an original and fifteen (15) copies of the testimony and exhibits that Commission Staff intends to offer at the November 8, 2000, hearing and shall serve one (1) copy on each party.

(16) On or before October 31, 2000, Washington Gas may file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony and exhibits that the Company intends to offer in response to testimony and exhibits previously filed and shall simultaneously serve one (1) copy on all other parties and Commission Staff.

(17) Rule 6:4 of the Commission's Rules of Practice and Procedure, 5 VAC 5-10-480, shall be modified for this proceeding to require that responses shall be served within ten (10) days after receipt by mail or any other means.